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## Money, Prices, Credit, and Banking

## NEW BOOKS

AYRES, L. P. *Price changes and business prospects.* (Cleveland, O.: Cleveland Trust Co. 1921. Pp. 27.)

BOWLEY, A. L. *Prices and wages in the United Kingdom, 1914-1920.* The Carnegie Endowment for International Peace. (London: Oxford Univ. Press. 1921. Pp. xx, 223. 10s. 6d.)

DAMIRIS, C. J. *Le système monétaire grec et le change.* Three vols. (Paris: Giard. 1920. Pp. 363; 359; 238. 70 fr. complete.)

This is a critical study of the monetary experience of Greece in recent years with particular reference to the period 1910 to 1920 inclusive. The book is primarily concerned with the functioning of the Greek currency system under the famous law of March 19, 1910. After a brief discussion of the events leading to the passage of this law, Dr. Damiris enters upon a careful analysis of the law and shows how remarkably well it functioned until Greece, becoming a belligerent nation, was forced by the exigencies of war, to a policy of inflation that led to an extensive currency depreciation with all its attendant evils. The problem of how Greece can best return to a stable currency basis is discussed, and in this connection the author makes a strong case for a return to the essentials of the law of 1910. The book is a scholarly and well-documented account of an important recent chapter in monetary history.

E. W. K.

GREGORY, T. E. *Foreign exchange before, during, and after the war.* (London: Oxford Univ. Press. 1921. Pp. 116. \$1.)

Although this little book does not in any way pretend to be an exhaustive treatment of the problems of foreign exchange it gives an excellent treatment of fundamental principles. The author divides exchange experts at present into two camps: those who believe that the exchanges are dislocated because of inflation, and those who think the cause is to be found in an adverse trade balance. He defends the first of these positions and maintains convincingly that an excess of imports over exports is an effect and not a cause. As the author concludes in the last chapter, the lesson can be very simply summed up in two words and they are: Stop inflation.

M. J. S.

HAHN, L. A. *Volkswirtschaftliche Theorie des Bankkredits.* (Tübingen: Mohr. 1920. Pp. vii, 174. 28 M.)

HAMLIN, C. S. *Index-digest, federal reserve bulletin.* Vols. I-VI inclusive. (Washington: Federal Reserve Board. 1921. Pp. 249.)

HARE, SIR L. *Currency and employment. Deflation of the currency, a reply to the anti-deflationists.* (London: King. 1921. Pp. 59. 2s. 6d.)

LEHMANN, M. *Der Begriff des angemessenen Preises.* (Marburg: Elwertsche. Verlag. 1921. 25 M.)

MATTHEWS, P. W. *The bankers' clearing house: what it is and what it does.* (London: Pitman. 1921. Pp. 168. 7s. 6d.)

MILLER ZU AICHHOLZ, V. *Oesterreichische Münzprägungen 1519-1918.* (Vienna: Münzkabinett. 1920. 1,000 Kr.)

PUTNEY, A. H. *Currency, banking and exchange.* (Chicago: Lincoln Inst. of Business. 1921. Pp. vii, 418.)

RADOUANT, J. *Les rapports de la Banque de France et de l'Etat particulièrement pendant la guerre de 1914.* (Paris: Rousseau. 1921.)

ROSS, V. *A history of the Canadian Bank of Commerce, with an account of the other banks which now form part of its organization.* Vol. I. (Toronto: Oxford Univ. Press. 1920. Pp. xvi, 516.)

This is an exceptionally interesting volume, attractive in typography and the printer's art. This first volume deals with the early banking history of Canada and the five banks from which the Canadian Bank of Commerce had its origin. The work is embellished with many illustrations and appendices containing documentary material. The illustrations include well-chosen photographs of early bank notes, coins, and banking buildings, provided by Sir Edmund Walker, president of the bank.

RUSHFORTH, F. V. *The Indian exchange problem.* (London: Oxford Univ. Press. 1921. Pp. 39. \$1.15.)

This pamphlet contains a brief exposition of the theory and practice of rupee-sterling exchange with special reference to the events which followed the introduction in February 1920 of the policy of creating a stable relationship between the rupee and gold. The analysis presented here will be found of interest to students and to business men who have been perplexed by the wide fluctuations in rates which have been experienced since Indian exchange broke away from its traditional parity at one and four pence per rupee.

M. J. S.

STOEHRE, K. F. *Der Baukredit.* (Munich: Schweitzer. 1921. 12 M.)

STREET, G. S. *On money, and other essays.* (London: Constable. 1921. Pp. 227. 3s. 6d.)

WALLENBERG, M. M. *The reciprocal treatment of branches of foreign banks in different countries.* Issued by the League of Nations, Provisional Economic and Financial Committee. (London : King. 1921. 2s.)

WALLIS, P. and WALLIS, A. *Prices and wages. An investigation of the dynamic forces in social economics.* (London: King. 1921. Pp. xii, 456. 25s.)

The central thesis of this work is that the normal price of any commodity is the ratio of the labor time required to produce that commodity as compared to the labor time necessary to produce the gold in the monetary unit. Presumably, most economists would admit that this relationship tends to hold true in a very rough way. The authors, however, attempt to prove that this is the essential explanation of commodity prices and that other forces, such as the stock of gold on hand or of money in circulation, are of no importance. Rather voluminous statistical material is presented in an effort to substantiate this contention. Apparently, however, the authors themselves realize that the evidence is scarcely sufficient immediately to convince the skeptic, for a large part of the book is devoted to explaining why the actual figures fail to correspond with the quantities demanded by the hypothesis. Whenever the figures seem to verify the theory set forth, the proof is at once accepted as conclusive, no effort being made to test the possibility of the relationship be-

ing due to other causes. In the opinion of the reviewer, the book adds nothing of moment to the theory of value.

Certain chapters, however, do contain material of distinct interest. The description of the national income and its division is clear and well presented and the method used in this analysis is apparently statistically sound. The widespread tendency of wages and salaries normally to absorb about 64 per cent of the net value product of mines and factories seems to be rather definitely established. The chapter on "Capital" performs a decided service in emphasizing the point that modern private saving does not consist in the storage of goods but rather in the accumulation of claims upon that constantly produced stream of commodities and services commonly known as the national dividend.

In the chapter on "Profit and Unemployment," the unique theory is set forth that profits, rent, and interest are only possible when unemployment prevails and that the extent of the rewards to entrepreneurs and property owners is correlated with the degree of unemployment. The reasoning used to bolster up this theory is more novel than convincing.

The final chapter may well be commended to the attention of those interested in the technical difficulties necessarily incidental to the operation of an industrial democracy or a socialistic state. The book closes with a suggestion that the government prevent exorbitant private profits and eliminate unemployment by keeping on hand factories to be leased to the unemployed workers in times of business depression. The details of this plan are not worked out but are wisely left to the ingenuity of the readers.

WILLFORD I. KING.

WIPRUD, A. C. *The federal farm-loan system in operation.* (New York: Harper. 1921. Pp. xix, 258. \$2.)

YVES-GUYOT AND RAFFALOVICH, A. *Inflation et déflation.* (Paris: Alcan. 1921. Pp. 278.)

Contains chapters on inflation in France, going back to the time of John Law of England, beginning with the suspension of specie payments in 1797 in England, the United States, Italy, Austria-Hungary, Russia, Greece, and South America. Book III deals with the financial policy of the principal countries since 1914 in the use of credit money. Book IV deals with deflation.

*Acceptances: their importance as a means of increasing and simplifying domestic and foreign trade.* (New York: Am. Exchange National Bank. 1921. Pp. 106.)

*Digest of decisions relating to national banks, 1912-1920, with appendices.* (Washington: Comptroller of the Currency. 1920. \$1.)

*How business with foreign countries is financed.* (New York: Guaranty Trust Co. 1921. Pp. 74.)

*The law of banks and banking.* (New York: Financial Pub. Co. 1921. \$12.)

*National banking under the federal reserve system.* (New York: National City Bank. 1921. Pp. 152.)

*Report of the Federal Trade Commission on the causes of high prices of*

*farm implements.* (Washington: Federal Trade Commission. 1920. Pp. 713.)

*Report of the proceedings of the twenty-fifth general meeting of Crown Mines, Ltd., held at Johannesburg, May 26, 1921.* (Johannesburg, South Africa: Crown Mines, Ltd. 1921. Pp. 16.)

This contains a considerable amount of statistical data in regard to the working costs of gold mining, and also some comment as to the relation of these costs to the currency question.

*Retail prices, 1913 to December, 1919.* Bureau of Labor Statistics, bull. no. 270. (Washington: Dept. of Labor. 1921. Pp. 498.)

### Public Finance, Taxation, and Tariff

*The Fundamental Principles of Taxation in the Light of Modern Developments.* By SIR JOSIAH STAMP. (London: Macmillan Company. 1920. Pp. xi, 201. 10s. 6d.)

This book contains six lectures originally delivered at University College, London, with very little attempt at rearrangement or modification. Hence there is a tendency to concentrate on a few striking points rather than to give an all-around view of the subject-matter; hence also there are passages in which the argument is too condensed to be easily followed by the reader unless he is already well acquainted with the subject. In spite of these objections the amateur student of taxation will find the book very interesting, even amusing; and the professional economist will rejoice to see such a combination of sound theory with administrative sagacity. The problem of tempering justice with expediency in the distribution of public burdens is one of the most difficult in applied economics, and few of those who have tackled it have had as much of both academic training and administrative experience as has Dr. Stamp.

In the first chapter there are five tests suggested for the measure of tax-paying ability, viz.: the "time element," the "economic" or "pure income" aspect, the "precarious" or "earned" income discrimination, "domestic circumstances," and the "economic surplus" distinction. This analysis furnishes the framework for that and the following chapter.

It has occurred to the reviewer that there is even more in this "time element" than the author thought. Is not the distinction between "earned" and "unearned" income really based on the fact that incomes that are equal, when reckoned on an annual basis, become unequal, if a sufficient period of time be taken? If we were accustomed to collect income taxes on a fifty-year accounting basis there would be little need to allow deductions for possible "precariousness of employment, sickness, old age, and other infirmities," as these contingencies would not be "possible," but would have occurred, and the income would actually